

VZCZCXRO1783
PP RUEHBI RUEHCI
DE RUEHCI #0306/01 1990928
ZNR UUUUU ZZH
P R 180928Z JUL 06
FM AMCONSUL CALCUTTA
TO RUEHC/SECSTATE WASHDC PRIORITY 1037
INFO RUEHNE/AMEMBASSY NEW DELHI 0932
RUEHCG/AMCONSUL CHENNAI 0353
RUEHBI/AMCONSUL MUMBAI 0353
RUEHKA/AMEMBASSY DHAKA 0208
RUEHGO/AMEMBASSY RANGOON 0137
RUEHKT/AMEMBASSY KATHMANDU 0213
RUEHIL/AMEMBASSY ISLAMABAD 0159
RUEHC/USAID WASHDC
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEHC/DEPT OF INTERIOR WASHINGTON DC
RUEAAIA/CIA WASHINGTON DC
RHMFIUU/CDR USPACOM HONOLULU HI
RUEHCI/AMCONSUL CALCUTTA 1270

UNCLAS SECTION 01 OF 04 CALCUTTA 000306

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PHUM](#) [ECON](#) [KWMN](#) [EMIN](#) [ASEC](#) [IN](#) [BG](#)

SUBJECT: NORTHEAST INDIAN STATE MEGHALAYA STRUGGLES WITH SOCIAL AND ECONOMIC DEVELOPMENT

¶11. (SBU) SUMMARY: July 7-8, 2006 ConGen visited the Northeast state of Meghalaya to meet senior government officials and to attend a regional conference on trafficking in persons in the capital, Shillong. Meghalaya's persistent insurgency problem appears to have moderated, with the two dominant ethnic insurgent groups seeking peace with Government of India (GOI). Security concerns, a pattern of 'crony capitalism' and relative isolation from potential markets have hampered the economic development of this resource rich state. In response, state officials are encouraging the GOI to create a "common market" in the Northeast by eliminating interstate excise taxes and to liberalize bilateral trade with Bangladesh. In the area of public health, HIV/AIDS is emerging as a concern, though, unlike the neighboring states of Nagaland and Manipur, infections are not yet at epidemic levels. Meghalaya, like the rest of the Northeast, continues to struggle with the residue of South Asia's partition and an almost colonial relationship with the Central government and its officials. END SUMMARY.

Bangladeshi Migrants and Tribal Tensions Create Security Concerns

¶12. (U) Meghalaya, one of the "Seven Sister" states of Northeastern India, shares a 443 km. border with Bangladesh. Over 400,000 people out of the state's total population of 2.3 million live along this border areas. 80 to 90 percent of the people are estimated to be tribal. The Khasis clustered in the Khasi Hills, the Jaintias in the Jaintia Hills and Garos of the Garo Hills are the dominant ethnic groups. Tribal ethnic tensions and the influx of illegal Bangladeshi migrants have been the major security issues for the state. According to a report by the Institute of Conflict Management, the Garo Hills have been a route for arms smuggling from Bangladesh to the many ethnic insurgent groups in the Northeast. The exact number of illegal Bangladeshis is not known but estimates are of hundreds of thousands resident in Meghalaya. According to the South Asian Progressive Action Collective (SAPC), illegal migrants outnumber locals in the Jaintia coal belt, a region with an official population of almost 300,000. Fear of being overwhelmed by the influx of Bangladeshi migrants, prompted villagers from Nongjri-Umnuih-Nongshken border area to announce

on March 6 a program of, "Gun down a Bangladeshi criminal and collect rupees 3,000." The villagers claimed that the step was taken in response to the alleged murders of locals and the looting of farms by Bangladeshi migrants.

¶3. (U) Indian officials appear unable to stem the migration, having a poor record of detection or legal action. In March, Meghalaya Home Minister, H. Donkupar R. Lyngdoh, while responding to a question raised by Congress Party legislator Robert Garnett Lyngdoh, informed the Legislative Assembly that only a few thousand illegal Bangladeshis have been detained in recent years and only a few hundred have been convicted of illegal entry. In 2004, 1,596 illegal Bangladeshis were detained by the authorities and just 18 were convicted. The rest were ultimately released. This year's numbers have also been low. Available figures as of March show only 1,463 illegal migrants have been arrested and 14 convicted. According to a status report submitted by the Border Security Forces (BSF) to the Delhi High Court on May 22, just 31 Bangladeshi nationals were deported from Meghalaya between January and April 2006.

¶4. (SBU) Until recently, the state also experienced serious security problems from two Garo and Khasi ethnic insurgent groups, Hynniewtrep National Volunteer Council (HNLC) and Achik National Volunteer Council (ANVC), which had been engaged in violence and extortion. The ANVC began talks with GOI and implemented a ceasefire in July 2004, which continues to be extended. Growing apathy within the ANVC has resulted in its collapse as an organization according to Chief Secretary S.K. Tewari. Paramilitary operations against the HNLC have resulted in many deaths and defections of its members. The struggling HNLC is keen to hold talks with GOI, but given the groups growing irrelevance, the GOI has not responded. Lack of support from the public for the insurgents has further weakened their

CALCUTTA 00000306 002 OF 004

position.

Meghalaya and the Northeast: A Source and Transit Region for Trafficking of Persons

¶5. (U) During his visit to Meghalaya, ConGen participated in the inauguration of a regional South Asia consultation on anti-trafficking programs hosted by the Impulse NGO Network (Impulse), a G/TIP funded NGO. Representatives from the United Nations Office on Drugs and Crime (UNODC), and senior police officials and NGOs from other Northeast states were present at the event. The Northeast states are a source and transit area for the trafficking of women and children. Poverty and uneven economic development are major contributing factors for trafficking of women. In addition, the conference discussions noted a growing trend of women from the Northeast being trafficked to North Indian states like Haryana and Uttar Pradesh where there is an increasing paucity of marriageable women due to high rates of female infanticide. The Northeast is also prone to natural disasters, especially flooding, and this creates a push effect for trafficking from the Northeast and neighboring countries, notably, Bangladesh. A coordinated action plan among the states for combating the problem of trafficking in Northeast was suggested at the consultation. A DVC with U.S.-based participants, which included a senior official from the Department of Justice, a special agent with Immigration and Customs Enforcement in the Department of Homeland Security, and a detective in the Montgomery County police, also helped in sharing U.S. experiences in combating trafficking. The U.S. experts offered suggestions for Indian law enforcement officials and NGOs on how to cooperate in prosecuting traffickers and helping the victims.

¶ 16. (SBU) In their meetings with ConGen, Chief Minister J.D. Rymbai and Chief Secretary S.K. Tewari noted that the Planning Commission was in Shillong to discuss the State Plan allocation under India's Eleventh Five Year Plan. The officials were hopeful that the Planning Commission would fund key infrastructure, especially power, for the state to promote its development. Chief Secretary Tewari said that Meghalaya has a demand for 710 MW but its current capacity is only 185 MW. Fifty percent of the villages in the state have no electricity. The state has no railway connections and depends exclusively on its road network. However, the road density is half of India's average and improving road connectivity is a major requirement for the state. The growth rate of the State Domestic Product (SDP) is 4 percent per annum. 70 percent of the people live in rural areas contributing 29 percent to SDP, while services account for 56 percent of the SDP. Chief Secretary Tewari expressed frustration that services sector in Meghalaya essentially means government workers, reflecting the need for private sector employment creation.

¶ 17. (SBU) Tewari said that Meghalaya was discussing with other Northeast states a proposal to the GOI for the creation of a "common market" in the Northeast with each state specializing in its area of competence in the agriculture sector, which would bring economies of scale and efficiency gains. In addition, the GOI and the states would work to eliminate interstate excise taxes that make commerce and trade between Indian states expensive and inhibits development. This program would be supplemented with a tourism initiative for the region to create income-generating opportunities.

¶ 18. (SBU) Trade with Bangladesh is another important commercial issue for Meghalaya. According to Tewari, Meghalaya exports approximately USD 45 million to Bangladesh annually but receives only USD 450 thousand in imports. The state authorities believe that this imbalance can be reversed to the benefit of both

CALCUTTA 00000306 003 OF 004

countries. Tewari offered the example of the large limestone deposits along Meghalaya's border with Bangladesh as an opportunity for mutually beneficial trade. He stated that Bangladesh imports 12 billion tons of limestone for cement clinker from Indonesia at USD 58 per ton for its clinker plants. This could be reduced to USD 30 per ton, he claimed, if the limestone were extracted from Meghalaya. A further reduction in cost per unit is possible if instead of coal, natural gas, which is abundant in Bangladesh, could be used. State authorities are also willing to allow cheap labor from Bangladesh to come into their territory for this purpose as is already being permitted with French cement company Lafarge's operation in the state. Meghalaya, on the other hand, could import a range of consumer goods from Bangladesh legally such as ceramics and processed food items which are frequently smuggled into the state. While the South Asian Free Trade Agreement (SAFTA) has been in effect from July 1, 2006, critical items of interest to Meghalaya and Bangladesh are in the negative list, such as cement clinker, and state authorities expressed their frustration with the failure of the Indian and Bangladesh governments to liberalize trade.

¶ 19. (SBU) Tewari indicated another factor complicating development in the state, which is dominated by tribal populations, is the disintegration of the tribal communities' tradition of resources being held in common. According to Tewari, individuals within the tribal communities have gained possession of the resources, whether land or mineral rights, and in concert with local officials have created a system of "crony capitalism." Reflecting the concentration of wealth in a few hands, Tewari noted bank deposits in the state are approximately USD 666 million while its SDP is only USD 1.1 billion. To address this problem, Tewari wants to change the political administration at the village level by creating "Area Employment Committees," essentially local "panchayatraj" administrative councils to identify development priorities and budget. The

goal is to give villagers a voice in the utilization of community resources.

¶10. (SBU) Meghalaya is also a state with large uranium deposits. Domiasiat village in Meghalaya's West Khasi Hills contains India's largest and richest uranium reserve. The GOI owned Uranium Corporation of India Ltd (UCIL) estimates that Domiasiat has about 10,000 tons of uranium ore, which is spread over a 10-sq-km area. USD 100 million was earmarked in 1992 for a pilot mining project but a massive public protest in 1996 forced UCIL to withdraw from Domiasiat. Undeterred, the Geological Survey of India in 1998 identified 20 other places in Meghalaya with rich uranium deposits. UCIL wants to mine all of these locations, potentially displacing an estimated 100,000 people. Chief Secretary Tewari, however, feels that the majority of the state is against the proposed mining as the UCIL is not trusted by the community. The public is aware of the history of radioactive contamination around UCIL's mines in the East Indian state of Jharkhand. Chief Secretary Tewari believes that if a reputable international agency or corporation were to monitor or conduct the extraction, the local community would be more favorable to allowing the region to be opened for uranium mining.

HIV/AIDS: A Growing Concern

¶11. (U) HIV/AIDS is emerging as a priority issue for state officials, though the reported cases range only between 60 and ¶180. Authorities are concerned because of Meghalaya's proximity to Manipur and Nagaland, two states with epidemic levels of infections, and the low awareness of the disease in its mining areas, which have a significant percentage of migrant labor. The state government has begun to work with NGOs like Impulse on awareness and sentinel programs.

COMMENT

CALCUTTA 00000306 004 OF 004

¶12. (SBU) Prior to the Indo-Pakistan partition in 1947, Meghalaya was relatively prosperous, with great natural resources and ready access to markets in East India. Cut-off from those markets by East Pakistan and later Bangladesh, it has been largely dependent on the largess of the GOI. The government is the main employer and its five year plans determine the focus of funding and economic development for the state. Sustainable economic growth and social development is not possible under these conditions. Rather, full implementations of SAFTA and engagement with Bangladesh by the GOI could help to create markets for Meghalaya and the Northeast that would result in real private sector development and wealth creation for its communities. Increasing economic opportunity would go a long way in addressing the root causes of the serious social problems affecting the state, such as trafficking of people, ethnic violence and poor public health.

JARDINE